



INSURANCE ASSOCIATION OF CONNECTICUT

SUITE 607 • 21 OAK STREET, HARTFORD, CT 06106 • PHONE (860) 547-0610 • FAX (860) 547-0615

Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

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SB 1024, AN ACT CONCERNING THE SECURITY OF CONSUMER DATA

I am Eric George, President of the Insurance Association of Connecticut (IAC). The IAC would like to offer testimony on SB 1024, AN ACT CONCERNING THE SECURITY OF CONSUMER DATA.

SB 1024, in apparent reaction to a recently publicized health insurance data breach, would require health insurers (and life and other insurers as well) to "implement security technology that encrypts the personal information of insureds and enrollees that is compiled or maintained by such [insurer]."

It is important to be cautious when crafting a legislative response to a specific incident especially when there is still an ongoing investigation and not all the facts are known.

Insurers take their data privacy responsibilities seriously. Unlike other businesses who may have only a brief transactional relationship with customers, insurers have millions of customers who they have multiple decades long relationships.

Insurers have implemented both physical safeguards (e.g. limiting access to data centers) and procedural safeguards (controls on what employees have access to certain data, monitoring of employee activity) and appropriate encryption driven by the risk profile.

Data security is a continually evolving field, and even the best intended legislation and/or regulation that lays out specific technologies or technology solutions would be out of date likely before it is finalized. A principles-based approach is more appropriate for this area of emerging technologies.

Insurers are already subject to the federal Gramm-Leach Bliley Act and its implementing regulations, the Health Insurance Portability and Accountability Act of 1996 (as amended) and its implementing regulations, and existing state laws, including C.G.S. Sec. 42-471 that requires safeguarding of personal information, "including, but not limited to, a Social Security number, a driver's license number, a state identification card number, an account number, a credit or debit card number, a passport number, an alien registration number or a health insurance identification number, and does not include publicly available information that is lawfully made available to the general public from federal, state or local government records or widely distributed media."

C.G.S. Sec. 42-471 (d) continues "For persons who hold a license, registration or certificate issued by, or a charter subject to the supervision of, a state agency other than the Department of Consumer Protection, this section shall be enforceable only by such other state agency pursuant to such other state agency's existing statutory and regulatory authority."

Connecticut regulators already have sufficient legal authority and statutory support to supervise and monitor insurers' data privacy programs.

Thank you for the opportunity to present IAC's viewpoint.